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DIRC YES ☐ NO ☒

16. SUMMARY:

~~(C/NF)~~ This report forwards an American Embassy, Buenos Aires memorandum of conversation which describes the Argentine Navy Secretary General's (VADM Fracassi) views on internal political affairs, Argentine-US Bilateral relations, UNITAS, and Beagle Channel Affairs.

COMMENT: ~~(C/NF)~~ This report should be added to bio file holdings for VADM Fracassi; for additional information on the Argentine Navy decision to participate in UNITAS XX, see (b)(3):10 USC 424

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20. ENCLOSURES:
1 Enclosure
1. Amembassy Memorandum of Conversation, 11 Oct 79, 1 cy, 5 pages ~~(C)~~

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~~XDS-1~~

PARTICIPANTS: Vice Admiral Eduardo Fracassi, Secretary General of the Argentine Navy
William H. Hallman, Political Counselor, American Embassy, Buenos Aires

DATE : October 11, 1979

PLACE : Admiral Fracassi's Office at Argentine Navy Headquarters

SUBJECT : Argentine Internal Affairs, Argentine-US Bilateral Relations, Beagle Channel Affairs

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The Political Process. Admiral Fracassi professed to be in a calm and optimistic frame of mind regarding Argentina's internal political future. He said that during December the government would announce the opening of a period of regularization of the political parties. This period of regularization will last in its first phase between December of this year and July of 1980. During this time new statutes will be drawn up by the existing parties' leadership. The statutes will then be presented to the "elections courts," entities already established under earlier governments under the Ministry of Interior.

Fracassi indicated that parties will be given widest possible latitude in setting their statutes. The ruling Junta will give final approval to the new statutes, but only in a few special circumstances will seek to have them altered. Fracassi mentioned, for example, that statutes should contain certain minimal educational or professional requirements for party candidates so that no one in the future "like Mrs. Peron--who only had a fourth grade education"--will appear on any ballot. Admiral Fracassi also said that regulations regarding minimal numbers of party members and minimal numbers of provinces would be made stronger--for example, it would no longer be possible for a few voters in five minor provinces to constitute a recognized national party. Similarly, precautions will be taken that "fewer dead people or people who never existed" appear on party rosters. (It seemed an interesting omission that Admiral Fracassi did not mention measures to be taken to ensure honest party elections. This could, however, merely have been an oversight.)

~~XDS-1 10/26/08 (AMOTT, JOHN) OR-M~~
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Admiral Fracassi went on to say that during a second period from, roughly, September 1980 to December of that year perhaps party elections would take place. They could, however, be postponed by a few months. Fracassi said that the real goal was to make July 1980 to July 1981 a period in which party reforms would be promulgated, new leaders elected and the "parties renewal" process made complete.

Stability. I asked Admiral Fracassi how certain he was that all of this could be kept on the track. Had there not been an erosion of power under the present governing structure that might affect this government's ability to make the changes Fracassi described?

Fracassi professed to believe that instability presented no problem. He said that, generally speaking, General Viola and the Army want President Videla to finish his term, which ends officially in March of 1981. The one obstacle to this taking place would be the economic policies of Martinez de Hoz --and these, even pressed forward and accumulated, might not be sufficient to bring about a change in existing government plans. Fracassi said that for the future of this government it was truly unfortunate that Videla and Martinez de Hoz had "become as one flesh," so that it was impossible to imagine the existence of one without the existence of the other.

I asked about the Menendez revolt. Fracassi replied that there are many people in the Army who share the sentiments of Menendez about the way things are running and ought to be run. Nevertheless the great majority of Army officers understand that Menendez's mini-rebellion was an anachronism--something out of Argentina's upleasant history that ought not to be repeated. There are besides, said Fracassi, generally recognized ways whereby the massed opinion of senior Army generals can be brought against their commander-in-chief, so that he feels it necessary to resign--but without their breaking their dissatisfaction into the open. (Comment: This was an unusual line for Fracassi to take. In the two years I have known him he has been unabashedly critical of the other armed forces.)

I asked whether General Capellini might constitute a kind of menace to his boss, Air Force Commander Graffigna. Fracassi replied that Graffigna apparently did not confide to Capellini all of what is going on. Otherwise Capellini would surely know that there is a "political plan." (Comment: Capellini recently distinguished himself by doubting publicly that a political plan exists. As Secretary General of the Navy and

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one of the ostensible authors of the political plan, it was to be expected that Fracassi would bridle at the idea of someone's doubting the plan's existence.)

Economic Problems. Fracassi went on at some length about the "disaster" of the Martinez de Hoz economic policies. He said that still the country suffers terrible inflation--but without any of the little benefits that many people used to enjoy, plus the "ruination" of Argentine industries.

Fracassi said that he doubted Argentina could ever be made to obey market forces. Competition, for example, simply cannot be forced upon the Argentine populations, or the Argentine population encouraged toward competition far enough for this to matter as a part of the economic scheme. He said that, for example, it matters very little now how much foreign cheese is brought into the country--the price is more or less maintained at what domestic cheese producers want. He said it was no different from the strange "law" which dictates that dry cleaning prices should be virtually the same throughout greater Buenos Aires.

Fracassi went on to say that contradictory statements made by different members of the economic team prove that even at the Ministry of Economy no one knows what's going on. Zimmermann, the Deputy Central Bank Director, said publicly a few months ago "we've licked inflation." Later Deputy Minister Klein said "we'll simply have to learn to live with inflation--there appears to be little we can do about it." (Comment: Subsequent to my conversation with Fracassi the Economy Minister's "chief of staff" predicted that GOA would adopt a tough policy toward inflation that might even generate recession--a view denied by another of his Economy Ministry colleagues within the same weekend.)

UNITAS. Fracassi emphasized that this year's decision to participate in the annual Unitas exercises had been strictly a Navy decision--made without reference to the Foreign Ministry, the Presidency or the Junta. Fracassi said that release of some equipment long being held up--that Argentina had purchased and paid for before the Humphrey-Kennedy Amendment went into affect--had permitted the Argentine Navy's political objections to participation to be set aside. The Navy nevertheless knew that its decision would be unpopular in many quarters. The decision had to be made at almost the same time that the Inter-American Commission for Human Rights would be visiting

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Argentina. "Almost everyone" believes that the visit of the Commission was something forced upon the Argentine government by the US government, Fracassi said, and this plus the visit's general unpopularity made it difficult for any Argentine entity to appear publicly working in cooperation with an element of the United States government. The Navy, Fracassi said, nevertheless decided to risk it. Fracassi said that he had not heard from his operational colleagues how the joint exercises went, but he had been told the Argentine participation had certainly permitted a "political" success as a Navy-to-Navy fest.

Beagle Channel Problems. Fracassi visited Rome during July, in part to look into how Beagle Channel negotiations were being carried out at the Vatican. He said that subsequent to his visit both Army Secretary General Bignone and Air Force Secretary General Lami Dozo had decided it would be prudent to make a visit to Rome on a similar mission. Fracassi said that in the beginning there had been in the Argentine government a general lack of confidence in the Argentine delegation's head, Ambassador Guillermo A. Moncayo. He is a lawyer and teacher, not a career diplomat. Furthermore, the Vatican's emissary here, Pio Laghi, had let it be known that he was less than satisfied with Argentina's nomination. Fracassi admitted too that there is a great deal of dissension in the Argentine special Beagle mission at the Vatican, but declined to criticize Moncayo on this score. He said that many career diplomats appear to be more interested in their reputations at international organizations and among their international fraternity of diplomats than they were in Argentina's positions and interests. At least Moncayo did not show signs of this, Fracassi said. Fracassi said that he was convinced that the mediation by the Vatican would have good results for Argentina. Among Argentina's arguments for sovereignty in the general area figure Roman Catholic Church documents delineating bishops' sees in Chile from those on Argentine territory. In any event he did not believe that a reheated military situation was likely.

Human Rights. We talked briefly about human rights--a subject which usually occupies much of my conversations with Admiral Fracassi. He said, "We certainly did not need an international commission to come here and tell us that we have violated human rights. We know we have violated human rights." He went on to add that what was lacking in this bare statement was an appreciation of the terrorist threat and dangers that had faced Argentina.

(b)(3):10 USC 42

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